

Canada Oil and Gas Act

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, when the House rose last evening at 10 p.m. my remarks were just getting warmed up with respect to the bill which is before this House, Bill C-48. I had indicated that there were a number of defects in this bill, on which I propose to expand further this afternoon. These defects are in four areas, in particular. This bill reflects a lack of trust in the private sector petroleum producing industries in Canada, a lack of consultation, a lack of co-operation, and an absolute lack of realism with respect to the challenges which lie ahead for this country in achieving the very important goal of oil self-sufficiency within the balance of this century.

In particular, the government's actions in relation to this bill and its so-called energy program and budgetary policies are destroying our quest for self-sufficiency in oil, and I would like to expand upon my reasons for making that assertion.

In the offshore and frontier areas of Canada it is anticipated that there will be something in excess of 100 billion barrels of oil and corresponding very massive quantities of natural gas. The oil alone in current dollars would have a value of something in excess of \$3 trillion. That is a magnitude which is almost impossible for any of us to comprehend, but the bill before this House provides the foundations upon which those resources, worth something in the order of \$3 trillion, will be managed and administered for many years, and perhaps decades to come.

An astonishing feature of this bill is that there is no technical content, and there is no consideration given to the economic criteria which bear upon the producibility of various deposits, whether they be in the high Arctic, off the coast of Newfoundland, or in the Mackenzie Delta.

There are no technical criteria, and the minister is given no tools under this legislation with which to ensure that we achieve optimum rates of production from these deposits. I refer not merely to maximum production but to optimum rates of production in accordance with our national goals. In fact the bill, being titled "an act to regulate oil and gas interests in Canada lands and to amend the Oil and Gas Production and Conservation Act", leads me to astonishment that the tools are not provided to the minister in the quest for these very important goals. There are no tools to ensure that we conserve that resource and use it wisely, or that we develop those areas which are most cost effective and most desirable to develop first. There are no means for consulting with industry experts or provincial government experts, who have decades of experience in managing oil and gas resources.

● (1520)

There is no statutory requirement for ministerial advisory boards or groups. It is an empty shell in that regard, in that the government will not consult expertise before making many important decisions. The bill does, however, set out penalties and procedures for dealing with cases where there is a clear lack of compliance with government rules.

Coupled with this lack of technical and economic guidance are vast areas of ministerial discretion. Many clauses in the

bill grant discretion to a minister who is not required to consult. For example, I quote from clause 14:

The Minister may select any proposal submitted under this section for the purpose of negotiating an exploration agreement and in making the selection may take into account any factors he considers appropriate in the public interest but is not bound to select any proposal submitted.

There is a huge loophole in that type of power being granted to a minister. Similar areas of ministerial discretion are reflected in clauses 12, 14, 44, 46, 48, and in ten or 20 other clauses granting the minister tremendous powers of discretion. When the minister has these powers which are not guided by proper and thorough technical and economic advice, there is the potential for political abuse, indeed the potential for patronage and political favouritism, and for incompetence by the minister, such as the case with the present Minister of Energy, Mines and Resources (Mr. Lalonde) who is totally unschooled and not versed in the realities of the oil and gas producing industry. He is a lawyer, and there is no requirement in this bill for him to consult industry experts before making decisions.

This same minister will have power to allocate an interest held by a corporation which is perhaps not reaching the 50 per cent Canadian ownership requirement; to allocate that shortfall to some other company which is Canadian owned to the tune of 75 per cent or more. One wonders whether that minister could make millionaires of certain industrial interests in this country which happen to be friends of the political party in power. For example, there are several very well-known corporations with which some front bench members are affiliated or have connections. They could become the oil companies of the future by stealing the resources of existing interests and using them to their own personal advantage. That is one of the principal inherent dangers in these immense powers of discretion which are granted to the minister responsible, the Minister of Energy, Mines and Resources. Coupled with those deficiencies, we have to address the punitive financial factors inherent in this bill, punitive compounded taxation which is driving industries and capital from Canada, as we heard once again in today's question period.

In the conventional oil and gas area, the industries of Alberta, Saskatchewan and British Columbia are now to be subjected not only to a 9 per cent federal excise tax on gasoline, an 8 per cent producer tax on gas and oil, a new natural gas tax on export and domestic consumption, an oil export tax and import compensation charge, but also a Canadian ownership charge. There is also the compounding effect of provincial taxes both at the producer and consumer end of the chain. That is the burden of taxation that the conventional oil industry has to contend with in this country.

Under the provisions of this bill, that imposition upon the industry is compounded. There is also written into this bill a requirement for a 25 per cent back-in privilege of Crown ownership in any industry which chooses to seek, explore, and develop hydrocarbon resources in Canada lands. There is that 25 per cent back-in privilege, or an outright confiscation of 25 per cent of the ownership of the production rights of those